

DEPARTMENT OF TAXATION

2020 Fiscal Impact Statement

1. **Patron** Karrie K. Delaney

3. **Committee** House Finance

4. **Title** Green Job Creation Tax Credit; Extends
Sunset Date

2. **Bill Number** HB 408

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. Summary/Purpose:

This bill would extend the sunset date for the Green Job Creation Tax Credit from January 1, 2021 to January 1, 2026. This bill also contains several technical amendments.

If this bill is enacted during the 2020 Regular Session of the General Assembly, it would become effective July 1, 2020.

6. Budget amendment necessary: No.

7. No Fiscal Impact. (See Line 8.)

8. Fiscal implications:

Administrative Costs

The Department of Taxation ("the Department") considers implementation of this bill as routine, and does not require additional funding.

Revenue Impact

Because the extension of the sunset date of the Green Job Creation Tax Credit is assumed in the official General Fund revenue forecast, this bill would have no impact on General Fund revenue.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: No.

11. Other comments:

Green Job Creation Tax Credit

Virginia permits taxpayers to claim an income tax credit of \$500 for each new green job created in Virginia with a salary of \$50,000 or more. The credit is allowed for the taxable year in which a qualifying job has been filled for at least one year and for each of the four succeeding taxable years provided such job is continuously filled during the respective taxable year. Green jobs include employment in industries relating to the field of renewable, alternative energies. Each taxpayer is allowed the credit for up to 350 qualifying jobs. Taxpayers may qualify for this credit and the Enterprise Zone Grant Program, but a taxpayer is not allowed a tax credit for any green job for which the taxpayer is allowed a Major Business Facility Job Tax Credit or a federal tax credit for investments in manufacturing facilities for clean energy technologies.

Sunset Dates for Income Tax Credits and Sales Tax Exemptions

Section 3-5.14 of the 2016 Appropriations Act provides that the General Assembly may not advance the sunset date for any existing income tax credit or sales tax exemption beyond June 30, 2022. Any new income tax credit or sales tax exemption enacted by the General Assembly prior to the 2021 Session must have a sunset date not later than June 30, 2022. This requirement does not apply to sales tax exemptions related to nonprofit entities or to income tax credits or sales tax exemptions with sunset dates after June 30, 2022 that were enacted or advanced during the 2016 Session.

Further, during the 2012 Session, the General Assembly enacted House Bill 246, which prohibits legislation from adding a new credit or renewing an existing credit unless the legislation contains a sunset date of not longer than five years from the effective date of the new or renewed credit.

Proposed Legislation

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cc : Secretary of Finance

Date: 1/11/2020 RWC
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